WRITTEN ANSWERS TO STARRED QUESTIONS

Incentives for establishing Fabs in India

*41. SHRI KARNENDU BHATTACHARJEE: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that Government would introduce special package on incentives for establishing Fabs in India;

(b) whether it is also a fact that Government are considering a proposal on electronic and IT hardware manufacturing policy; and

(c) if so, the details thereof?

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI DAYANIDHI MARAN): (a) to (c) The Government has accorded approval to the Special Incentive Package Scheme to attract investments for setting up Semiconductor Fabrication and other micro and nano technology manufacture industries in India. The incentive would be 20% of the capital expenditure if the units are set up in the Special Economic Zones (SEZs). For units set up outside SEZ, the incentive would be 25% of the capital expenditure plus exemption from countervailing duty (CVD). 'Fab units' with threshold Net Present Value (NPV) investment of Rs. 2500 crore would be covered by the Special Incentive Package Scheme. Forther units in the eco-system, there would be a threshold NPV investment of Rs. 1000 crore. The details to implement the scheme are being finalized.

In the last few years, the Government has taken a number of measures to promote the growth of Electronics/IT Hardware Manufacturing Industry, as given in the Statement, *(See* below). This is an on going process.

Statement

Steps taken by the Government for promotion of Electronics/IT Hardware Manufacturing

1. Approvals for all foreign direct investment upto 100 per cent in the Hardware manufacturing sector are under the automatic route.
2. National Common Minimum Programme (NCMP) of the Government

emphasizes on energizing and sustaining the growth of manufacturing industry including IT Hardware.

3. Peak rate of customs duty has been reduced to 10 per cent. Customs duty on ITA-1 items (217 items) has been abolished from 1.3.2005. All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to Actual user condition. Customs Duty on specified raw materials/inputs used for manufacture of electronic components or optical fibres/cables is 0 per cent. Customs duty on specified capital goods used for manufacture of electronic goods is 0 per cent.

A. Excise duty on computers is 12 per cent Microprocessors, Hard Disc .Drives, Floopy Disc Drives, CD ROM Drives, DVD Drives/DVD Writers, Flash Memory and Combo-Drives have been exempted from excise dtjty, Parts, components and accessories of mobile handsets including cellular phones are exempted from excise duty.

5. Export Promotion Capital Goods scheme (EPCG) allows import of capita! goods on payment of 5 per cent customs duty. The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA-1) items to the DTA provided the realization is in free foreign exchange.

6. Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic tariff Area (DTA) by Electronics Hardware Technology Park (EHTP) /Export Oriented Unit (EOU) units are counted for the purpose of fulfillment of positive Net Foreign Exchange Earnings (NFE).

7. Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes. Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/DEPB benefits, CST exemption and Service Tax exemption. 100 per cent Income Tax exemption on export profits available to SEZ units for 5 years, 50 per cent for next 5 years and 50 per cent of ploughed back profits for 5 years thereafter.

8. Second hand capital goods are freely importable.

9. EOU/EHTP units are eligible for Income Tax exemption on export

profits, upto 2009-10, in terms of Sections 10A and 10B of the Income Tax Act.

10 To induce more investment for Research and Development activities, a weighted.deduction of 150 per cent on the sums paid to any university, college or an institution or a scientific research association for the purpose of scientific, social or statistical research is available.

Vacant posts in Postal Department

t*42. SHRIMATIMAYASINGH: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the number of employees in the Postal Department is continuously decreasing;

(b) the number of posts lying vacant at present, category-wise and the progress made in filling up these posts; and

(c) whether the work of postal service is being affected due to the vacant posts in the department and the courier services are flourishing?

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI DAYANIDHI MARAN): (a) Yes, Sir. As per Department of Personnel and Training OM No. 2/8/2001-PIC dated 16th May, 2001, which is applicable to all the Ministries/Departments in the Government of India, the direct recruitment vacancies arising in a year are subjected to the optimization scheme according to which Annual Direct Recruitment Plan is finalized by the Screening Committee. As per the said instructions direct recruitment is limited to 1/3rd of the vacancies arising in the year subject to a further ceiling that it does not exceed 1 per cent of the total sanctioned strength. The remaining vacancies are required to be abolished which results in the decrease of the number of employees.

(b) The number of posts lying vacant category wise in the Department of Posts is as under:

Group'A'	Group'B'	Group'C	Group'D'	Total
76	1,219	26,054	6,312	33,661

Filling up the vacancies by direct recruitment and by promotion is an ongoing exercise.

† Original notice of the question was received in Hindi.